

**SUDITI
INDUSTRIES
LTD.**

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**NINETH ANNUAL REPORT
1999-2000**

Kishorilal Agarwal
(Chairman)

Anand Agarwal
(Managing Director)

Pawan Agarwal

Rajendra Agarwal

Dinkar Rai

A.T. Shahani

A. Indu Sekhar Rao

V.P. Finance & Company Secretary
H. Gopalkrishnan

Registered Office
A-2, Shah & Nahar Estate, Unit No. 23/26,
Lower Parel, Mumbai 400 013.

Admn. Office
A-2, Shah & Nahar Estate, Unit No. 33/34,
Lower Parel, Mumbai 400 013.

C-253/254, M.I.D.C., T.T.C. Indl. Area,
Pawne Village, Navi Mumbai 400 705

Unit No. 2
A-465/466, M.I.D.C.,
T.T.C. Indl. Area, Mahape,
P.O. Ghansoli, Navi Mumbai 400 701.

Auditors
Chaturvedi & Co.
81, Mittal Chambers, 228 Nariman Point,
Mumbai 400 021.

Legal Advisors
Kanga & Co.
Readymoney Mansion,
43 Veer Narman Road,
Fort, Mumbai 400 001.

Bankers
The Vysya Bank Ltd.
Union Bank of India
SBI Commercial & International Bank Ltd.

Registrar & Share Transfer Agents
Karvy Consultants Ltd.
7, Andheri Indl Estate, Off Veera Desai Road,
Andheri (W), Mumbai 400 058.

or
"Karvy House", 46, Road No. 4, Street No.1,
Banjara Hills, Hyderabad 500 034

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NINETH ANNUAL GENERAL MEETING

On Friday, the 8th day of September, 2000
at 3.30 p.m. at Kilachand Conference Hall,
2nd Floor, Indian Merchants' Chamber,
Churchgate, Mumbai 400 020.

As a measure of economy, copies of the
Annual Report will not be distributed at the Annual
General Meeting. Shareholders are requested to
kindly bring their copies
to the meeting

SUDITI INDUSTRIES LTD.**NOTICE FOR THE NINTH ANNUAL GENERAL MEETING :-**

Notice is hereby given that the Ninth Annual General Meeting of the Company will be held at 3.30 p.m. on Friday the 8th September 2000 at Kilachand Conference Hall, 2nd Floor, Indian Merchants' Chamber, Churchgate, Mumbai - 400 020 to transact the following business:

ORDINARY BUSINESS :

1. To receive and adopt the audited Balance Sheet as at 31st March, 2000 and Profit & Loss Account of the Company for the year ended 31st March, 2000 and the Reports of the Directors and Auditors thereon.
2. To appoint a Director in the place of Shri Pawan Agarwal who retires by rotation and being eligible offers himself for re-appointment.
3. To appoint a Director in the place of Shri A.T. Shahani who retires by rotation and being eligible offers himself for re-appointment.
4. To appoint Auditors to hold office from the conclusion of this Annual General Meeting upto the conclusion of the next Annual General Meeting and to fix their remuneration.

Special Business :

5. To consider and if thought fit, to pass with or without modifications(s) the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT Shri Rajendra Agarwal who was appointed as Additional Director of the Company by the Board of Directors in its meeting held on 29th October, 1999 and who in terms of section 260 of the Companies Act, 1956, read with Article 118 of the Company's Articles of Association, holds office upto the date of this Annual General Meeting and in respect of whom the Company has received notices from some members of the Company Under Section 257 of the Companies Act, 1956, proposing his candidature for the office of the Director be and is hereby appointed as a Director of the Company liable to retirement by rotation.

By order of the Board
For **SUDITI INDUSTRIES LTD.**

H. GOPALKRISHNAN
V. P. FINANCE &
COMPANY SECRETARY

Place: Mumbai
Date : 31.05.2000

NOTES :

1. An Explanatory Statement relating to Special Business as set out in the notice is annexed hereto, pursuant to section 173(2) of the Companies Act, 1956.
2. A Member entitled to attend and vote at the Meeting is entitled to appoint a Proxy to attend and on a poll to vote instead of himself and a proxy need not be a member of the Company. A member unable to attend may appoint another person (whether a member or not) as his proxy in the enclosed form. The instrument appointing the proxy and the Power of Attorney or other authority, if any, under which it is signed or a

copy of that power or authority duly certified by a Notary Public or other proper authority shall be deposited at the Registered Office of the Company not less than forty eight hours before the commencement of the Meeting, in default, the instrument of proxy shall not be treated as valid.

3. The Register of members and the Share Transfer Books of the Company will remain closed from Wednesday 23rd August, 2000 to Friday 8th September, 2000 both days inclusive.
4. Members are also requested to notify immediately any change in their address to the Company/Share Transfer Agents.
5. Shareholders seeking any information with regard to accounts are requested to write to the Company at an early date so as to enable the Management to keep the information ready.
6. Members/Proxies should bring the Attendance slip duly filled in for attending the meeting.
7. All documents referred to in the accompanying Notice are open for inspection at the Registered Office of the Company during office hours on all working days except Saturdays and Holidays between 10.30 a.m. to 5.00 p.m. upto the date of the Annual General Meeting.

EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.**Item No. 6**

The Board of Directors with the object of Broad Basing the Board inducted Shri. Rajendra Agarwal as Additional Director of the company in its meeting held on 29th October, 1999. Pursuant to the provision of Section 260 of the Companies Act, 1956, Shri. Rajendra Agarwal hold the Office upto the date of ensuing Annual General Meeting of the Company. Notices has been received from various members of the Company in pursuance to Section 257 of the Act 1956, alongwith necessary deposit proposing Shri. Rajendra Agarwal as the candidate for the Office of Director of the Company.

Shri Rajendra Agarwal is a businessman engaged in the business of textile, mainly in garments.

Board of Directors is of the opinion that continuation of the service of Shri Rajendra Agarwal as Director of the Company will enrich the Board particularly on manufacturing and marketing aspects of garments. Hence the appointment of Shri Rajendra Agarwal as Director is recommended.

Chairman Shri Kishorilal Agarwal, Managing Director Shri Anand Agarwal and Director Shri Pawan Agarwal are the interested Directors.

By order of the Board
For **SUDITI INDUSTRIES LTD.**

H. GOPALKRISHNAN
V. P. FINANCE &
COMPANY SECRETARY

Place: Mumbai
Date : 31.05.2000

Nineth Annual Report 1999-2000

DIRECTORS' REPORT :**Dear Shareholders,**

The Directors present the Nineth Annual Report of the Company to be read together with the Audited Balance Sheet as at 31st March, 2000 and the Profit and Loss Account for the year ended on that date.

Financial Results : (Rs. in lacs)

	Current Year Ended 31.03.2000	Previous Year Ended 31.03.1999
Export Sales	1224.84	2063.15
Local Sales	2411.06	2194.40
Trading Sales	0.00	1070.16
Other Income	315.08	232.27
Profit before Interest and Depreciation	486.74	680.89
Interest	482.17	351.72
Profit after Interest	4.57	329.17
Depreciation	293.85	240.85
Profit before Tax	-289.28	88.32
Provision for Tax	0.00	9.30
Profit after Tax	-289.28	79.02
Add : Brought forward from the previous year	1263.23	1192.11
Amount available for appropriation	973.94	1271.13

Appropriation :

Transfer to General Reserve	0.00	7.90
Surplus carried forward	973.94	1263.23

Dividend :

The Directors have not recommended any dividend due to lack of profits for the year under report.

Operations :

The year 1999-2000 had started with a note of optimism, but ultimately it did not transpire into a reality. The market conditions were very bad all throughout Europe and other western countries. Even in the domestic market the situation was grim due to problems related to recoveries, defaulted payments etc. In view of this the capacity utilisation remained at Lower levels throughout the year.

Although the export turnover remained lower than the last year there was significant improvement in the domestic sales. The demands for the company's new polyester varieties were extremely good apart from the cotton varieties. But the liquidity crisis prevailed all over the market, which resulted in many defaults and slow recoveries in the market, compelled the company to adopt a selective approach towards the customers to avoid the risk related to bad and doubtful debts.

Further there is significant increase in the cost of other input items apart from the increase in the interest cost. This has increased mainly on account of delayed implementation of the project, higher rate of interest on Bank borrowings availed against domestic business, and also on account of delayed payment on the procurement of certain raw materials. In addition to this the cost of power, water and furnace oil also continued to rise in slabs during the year under review.

The company has identified some specified customers to undertake risk free business on a sustainable basis. Further necessary impetus is given to identify customers, who operate all through the year without any seasonal limitations and barriers.

Export Sales :

The trend of reducing the rates of various incentives offered to exporters continued in the years under review also.

The market conditions in Europe in particular had gone through a bad phase particularly in respect of items like promotional garments, etc which was one of the major component of the company's export markets. The company has identified some new customers particularly in the Middle East, Bangladesh, West Indies etc. However, it is likely to take some more time to start the export shipments in large quantities on a continuous basis.

In view of the highly volatile market situation in Europe and other western countries, the company has adopted a cautious approach as many firm are facing virtual closure in all these areas. The company is now focusing on the development of new range of products used for variety of purposes to take benefit of the untapped segment of the world market.

Expansion :

The company's proposed expansion programme has almost reached the final stage of completion except for the procurement of few utility machineries and equipments. The entire new factory building is ready and been put into use for storage and despatch purposes.

The company has also submitted revised proposal to IDBI to cover the loan sanctioned for the setting up of the garment unit under the new scheme called Textile Upgradation Fund, popularly known as TUF, set by the Government of India for the modernisation of the textile industry. The factory building work for the garment unit is already in progress. The company proposes to implement the project in a phased manner so as to enable the company to take into account the impact of all the prevailing sensitive factors and trends in the volatile market situation.

Industrial Relations :

Industrial relations of the Company's plant at MIDC, TTC Industrial Area, Pawne Village, New Bombay, and Knitting Division at MIDC, TTC Industrial Area, Mahape, continues to be healthy and cordial throughout.

Personnel :

The statement showing the requisite information in compliance with the provisions of Section 217 (2A) of the Companies Act, 1956 is not furnished herewith, since there are no persons coming under the preview of above referred clause.

Deposits :

The Company has not accepted any deposits within the meaning of Section 58A of Companies Act, 1956 and the rules made thereunder.

Energy, Technology and Foreign Exchange :

The particulars relating to conservation of Energy, Technology Absorption and Foreign Exchange earnings and outgo as required under Section 217 (1) (e) of the Companies Act, 1956 is given in the Annexure forming part of this Report.

Directors :

With a view to Broad Base the Board of Directors of the Company, Shri Rajendra Agarwal, was appointed as Additional Director of the Company by the Board of Directors in its meeting held on 29th October, 1999. As per the provision of Section 260 of the companies Act, 1956 the said Director will hold office only upto the date of ensuing Annual General Meeting and are eligible for re-appointment.

During the year under report, Director Shri Govind Agarwal has resigned from the Board with effect from October 29th, 1999. Further, IDBI has withdrawn the nomination of Shri J. John, from the Board with effect from August 23rd, 1999 vide letter ref No.CSD.53/656/ Nom.8 dated August 13th, 1999. Fresh nomination in place of Shri J. John has not been intimated yet.

The Directors wish to place on record the appreciation



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of the valuable services rendered by Shri Govind Agarwal as well as Shri J. John during their tenure as Directors. In accordance with the provisions of the Companies Act, 1956 and the Articles of Association of the Company, Shri Pawan Agarwal and Shri A. T. Shahani, Directors, shall retire by rotation and being eligible offer themselves for re-appointment.

Year 2000 compliance :

Since the company has taken adequate precautionary and contingency plan well in advance, the transition to year 2000 was smooth and effective.

Plant visit :

As per the decision taken at the last annual General Meeting, the company had arranged the plant visit for the shareholders during the month of February 2000. The company has received a satisfactory report from the members who attended the site visit programme.

Auditors Report/Auditors :

Observations made in the Auditors Report are self explanatory and therefore, do not call for any further

comments under Section 217 (3) of the Companies Act, 1956. Messrs. Chaturvedi & Company, Chartered Accountants retire at the forthcoming Annual General Meeting and being eligible offer themselves for re-appointment.

Appreciation :

Your Company and its Directors wish to place on record their appreciation for the support received from different Central and State Government Departments and Agencies, the Company's Bankers, Industrial Development Bank of India, M/s. National Insurance Company Ltd., Customers and Vendors. Your Directors also wish to place on record their deep sense of appreciation to all the employees of the Company for their outstanding contribution to the operations of the Company.

For and on behalf of the Board of Directors

Place : Mumbai
Date : 31.05.2000

KISHORILAL AGARWAL
CHAIRMAN

Annexure I

Information under Section 217 (1)(e) of the Companies Act, 1956 read with Companies (Disclosure of particulars in the Report of Board of Directors) Rules 1988 and forming Part of the Directors Report for the year ended 31st March, 2000.

A) Conservation of Energy :

- a) Energy conservation measures taken/under implementation.
 1. Redesigning the network of condensive pipeline with necessary modifications to improve the collection of condensate and feed to boiler at 75°C to 85°C to reduce the furnace oil consumption.
 2. Complete insulation of steam line for dyeing and finishing machines to avoid heat loss.
 3. Five numbers stem trap changed from ball float trap to reduce steam consumption in dyeing machine.
 4. Fuel additive is regularly used with furnace oil and because of this, the carbon deposition in chimney and in tubes etc. has reduced considerably.
 5. Improved power factor from .91 to .94 by installing additional capacitor banks.
- b) Energy conservation measures under implementation:-
 - 1) Improvement of power factor to above .95 to reduce live losses and also to avail incentive being offered by M.S.E.B. for higher power factor.
 - 2) Survey is being carried out through outside agencies for the measures to be taken for steam utilisation in the process Department.

B) Research & Development and Technology Absorption :

- a) Research & Development:
 1. Fully automatic operations for dyeing machine are under execution. All machines will have programmed operations to avoid any deviation from the standards. Operation sequence, timing and temperature will be controlled as per programme automatically. The process sequence will be recorded in the computer and observations can be made from a central location. Five machines are modified for such operations and are under observations.
 2. Improvement and modification in the soft flow dyeing machine (converted in tumble dryer) for manufacturing sherpa fabric.
 3. We propose to install testing facilities for effluent in the laboratory, so that continuous monitoring of the parameters like COD, BOD etc. can be done.
 4. Shearing machine ducting has been modified for better suction as per imported machine.

5. Suitable modifications are being carried out in knitting machine to make it suitable to run designs and different varieties on the machines.

b) Technology absorption :

Continuous monitoring of latest technology development to upgrade and remodeling the machines so as to adopt the latest manufacturing trends to make the products for the variety of uses.

C) Foreign Exchange Earnings and Outgo :

The figure of earnings and expenditure in foreign currency during the period under report are as under:

	(Rs. in lacs)	
	Current Year (1999-00)	Previous Year (1998-99)
Total Foreign Exchange used	39.58	278.63
Total Foreign Exchange earned (FOB Value)	1093.32	1306.68

Form - A

(See Rule-2)

The disclosure of particulars with respect to conservation of Energy.

A. Power and Fuel Consumption :

	Current Year (1999-00)	Previous Year (1998-99)
1. Electricity		
Units	3657429	3580504
Total Amount (Rs.)	15915602	14913819
	4.35	4.17
2. Furnace Oil		
Quantity (Lt.)	2238048	2213166
Total Amount (Rs.)	21550430	15384513
Average Rate (Rs./Lt.)	9.62	6.95

B. Consumption per unit production :

Electricity (Unit/Kg.)	1.51	1.27
Furnace Oil (Lt./Kg.)	0.92	0.78

For and on behalf of the Board of Directors

Place : Mumbai.
Date : 31.05.2000

KISHORILAL AGARWAL
CHAIRMAN